

Message Text

CONFIDENTIAL

PAGE 01 LAGOS 08327 151659Z

71

ACTION AF-18

INFO OCT-01 ISO-00 SCS-03 SCA-01 L-03 H-03 SY-10 RSC-01

DRC-01 /041 W

----- 107794

R 151544Z OCT 73

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 1435

C O N F I D E N T I A L LAGOS 8327

E.O. 11652 GDS

TAGS: ENRG, CASC, NI

SUBJECT: AMCITS RETURN TO WORK BUT ZAPATA STILL FACES
ACCUSATIONS

REF: A. STATE 198956 B. LAGOS 8144

1. IN SUBSEQUENT CONVERSATIONS WITH LANG HOFFMAN (ZAPATA LAWYER FROM HOUSTON), EMBASSY HAS LEARNED THAT HEARING ORIGINALLY SCHEDULED FOR OCTOBER 6 IN FACT TOOK PLACE OCTOBER 9 IN WARRI. ACCORDING TO HOFFMAN, THE IMMIGRATION CASE WAS FULLY RESOLVED. ALL OF THE MORE THAN FORTY EXPATRIATES ARRAIGNED WERE ABSOLVED EXCEPT FOR FOUR WHO WERE FINED 50 NAIAR AND TWELVE WHO WERE FINED ONE HUNDRED NAIRA FOR FAILURE TO HAVE VALID WORK PERMITS. ONLY ONE MAN WAS FOUND TO HAVE NEITHER A WORK PERMIT NOR A CURRENT VISA; HE WAS FINED TWO HUNDRED NAIRA AND DEPORTED. BOTH ZAPATA RIGS WERE BACK IN OPERATION AS OF OCTOBER 10.

2. SIX-DAY WORK INTERRUPTION VERY COSTLY TO ZAPATA WHICH WAS VERY WILLING PAY FINES TO RESOLVE IMMIGRATION DIFFICULTIES AND WILL NOT MAKE COMPLAINT ABOUT SUMMARY WAY AUTHORITIES REMOVED MEN FROM RIGS AND KEPT THEM "UNDER HOUSE ARREST" IN WARRI HOTEL. EMBASSY IS ALSO UNHAPPY WITH SUCH TREATMENT OF AMCITS BUT AGREES WITH COMPANY THAT EMBASSY INTERVENTION WOULD BE UNLIKELY TO HELP.

3. STILL UNCERTAIN ARE OTHER ACCUSATIONS WHICH A FORMER ZAPATA GIFFICE MANAGER (FELIX ANUNOBI) HAS CIRCULATED MORE OR LESS WIDELY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LAGOS 08327 151659Z

IN AN APPARENT EFFORT TO WIN FAVORABLE SETTLEMENT OF A LAW SUIT

HE HAS FILED AGAINST ZAPATA FOR WRONGFUL DISMISSAL. ANUNOBI'S LAWYER (NDUKA EZE) PHONED EMBASSY SEPTEMBER 28 TO REQUEST MEETING WITH EMBOFF. WHEN MEETING TOOK PLACE OCTOBER 5 EZE READ EMBOFF NING-PAGE BRIEF CHARGING ZAPATA AMONG OTHER THINGS WITH COLLUSION TO AVOID NIGERIAN INCOME TAXES BY REMITTING PORTION OF EXPATRIATES' SALARIES ABROAD, EVASION OF CORPORATION INCOME TAX THROUGH DOUBLE BOOKKEEPING, CIRCUMVENTION OF EXCHANGE CONTROL REGULATIONS BY PAYING COMPANY'S NIGERIAN ATTORNEYS THROUGH DOLLAR ACCOUNT IN US, FORGERY OF OFFICIAL CORRESPONDENCE FROM HOME OFFICE IN US, USE OF UNASSIGNED RADIO FREQUENCIES, AND FALSE DOCUMENTATION OF EXPATRIATE STAFF TO CIRCUMVENT QUOTE SYSTEM. EZE EXPRESSED HOPE FOR OUT-OF-COURT SETTLEMENT SO THESE CIRCUMSTANCES WOULD NOT RESULT IN ADVERSE PUBLICITY FOR ZAPATA OR THE US IN GENERAL. HE ALSO HOPED EMBASSY WOULD CONTACT ZAPATA.

4. EMBASSY DISCUSSED THESE ACCUSATIONS OCTOBER 10 WITH HOFFMAN WHO BELIEVES COMPANY CAN SUCCESSFULLY ANSWER ALL OF THEM. DOCUMENTATION OF EXPATRIATE STAFF, FOR EXAMPLE, HAS ALREADY BEEN CLEARED UP AT WARRI HEARING, AND ILLEGAL USE OF RADIO FREQUENCIES SIMPLY NOT TRUE. INCOME TAX QUESTIONS ARISE FROM FACT THAT THE TWO RIGS ARE OWNED AND OPERATED SEVERAL MILES OFF NIGERIAN COAST BY ZAPATA NORTHSEA, A PANAMANIAN CORPORATION WHICH DOES NOT PAY NIGERIAN TAXES. THE RIGS ARE SERVICED BY ANOTHER ZAPATA SUBSIDIARY, ONSHORE SERVICES LTD., A NIGERIAN CORPORATION WHICH COMPLIES FULLY WITH NIGERIAN TAX LAW. ACCORDING HOFFMAN, NIGERIAN GOVERNMENT IS CONSIDERING NEW LEGISLATION TO DISALLOW SUCH ARRANGEMENT, BUT IN MEANTIME IT IS LEGAL AND FULLY KNOWN TO THE GOVERNMENT. ZAPATA'S LAWYER (FRED EGBE) IS WORKING TO SETTLE THE ANUNOBI CASE AND ANSWER HIS ACCUSATION IF AND WHEN THEY ARE RAISED BY THE AUTHORITIES.

5. HOFFMAN AND EZE BOTH SAY THAT ANUNOBI HAS BEEN HELPED TO DOCUMENT HIS CHARGES BY THE ONSHORE SERVICES ACCOUNTANT (MOHAMED ELKHOLI), AN EGYPTIAN RECRUITED BY ZAPATA ONLY SIX MONTHS AGO IN HOUSTON. HOFFMAN SAYS ELKHOLI HAS GAMBLING DEBTS AND IS KNOWN TO HAVE CLOSE CONNECTIONS WITH MEMBERS OF THE NIGERIAN CID. ZAPATA WOULD OF COURSE LIKE TO PART COMPANY WITH ELKHOLI BUT CANNOT PROVE ITS SUSPICION AND FEARS THE TROUBLE HE MIGHT CAUSE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LAGOS 08327 151659Z

6. ZAPATA REQUEST NO EMBASSY ASSISTANCE, AND EMBASSY SEES NO REASON AT THIS POINT TO INTERVENE WITH THE NIGERIAN AUTHORITIES. WILL KEEP DEPARTMENT INFORMED OF DEVELOPMENTS.
REINHARDT

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: OFFSHORE OIL FIELDS, VISA REGULATIONS, WORK PERMITS, EXPATRIATES, ARRESTS, INCOME TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LAGOS08327
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS REINHARDT
Errors: N/A
Film Number: n/a
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731032/aaaaaxrq.tel
Line Count: 113
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. STATE 198956 B. LAGOS 8144
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 11 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11-Jan-2002 by martinjw>; APPROVED <31-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AMCITS RETURN TO WORK BUT ZAPATA STILL FACES ACCUSATIONS
TAGS: ENRG, CASC, NI, US, ZAPATA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005